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Trade development policies and the post-2015 sustainable development agenda
Formulation of national policies in the context of existing regional trade agreements

Trade development policies and the post-2015 sustainable development agenda, and formulation of national policies in the context of existing regional trade agreements

Note by the UNCTAD secretariat

Executive summary

By end July 2015, the Member States of the United Nations are to agree on the contents – sustainable development goals and targets – of the post-2015 development agenda and the means of implementation required to deliver on the agenda. What would it entail for a national Government to implement the post-2015 development agenda, that is to say, to deliver the outcomes that would transform its society, economy and environment to become more sustainable within the time frame 2015–2030? When doing so, how can a national Government make the best use of trade and trade policy? And what types of regional cooperation and global partnership would reinforce national efforts to achieve the proposed sustainable development goals? These are the key issues addressed in this note in the hope of stimulating discussion under agenda items 4 and 5 of the seventh session of the Trade and Development Commission.

This note discusses the importance of, and challenges in, designing and implementing at the national level an integrated policy mix, of which trade policy is a key component. It also looks at the impacts regional trade agreements may have on the formulation of national development policy and the need for a global partnership that would support and reinforce national efforts and combine them towards achieving "the future we want" at the planetary level. Sections II, III and IV suggest some issues the Commission may wish to discuss with regard to national actions that can be taken at the national, regional and global levels.

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Introduction

1. Under the auspices of the United Nations General Assembly in New York, Member States entered into intergovernmental negotiations in January 2015 with a view to agreeing on the contents of the post-2015 development agenda. The agenda is expected to be transformative, meaning that it should transform economies, societies and ways of tackling climate change with a view to making "patterns of growth more inclusive, sustained and sustainable".[1] The outcome of the negotiations, expected by end July 2015, should be a set of sustainable development goals and targets, and the means of implementation and global partnership necessary for achieving them. The basis of the ongoing negotiations on sustainable development goals and targets is a set of 17 goals and 169 targets proposed by the Open Working Group on Sustainable Development Goals, a process launched in January 2013 as a follow-up to the conclusion of the United Nations Conference on Sustainable Development.[2] The post-2015 development agenda will be adopted at the United Nations summit to be held on 25–27 September 2015.[3]

2. Also in January 2015, a separate but related intergovernmental process was launched in preparation for the third International Conference on Financing for Development, to be held on 13–16 July 2015 in Addis Ababa. During this process, Member States discuss the outcome of the Conference at three drafting sessions: in January, April and June 2015. The outcome should present a set of international commitments to mobilize public and private financial resources for the implementation of the proposed post-2015 sustainable development goals and revitalize global partnerships that enable "coherent and mutually supporting world trade, monetary and financial systems, better processes to globally develop and share appropriate technologies, capacity building, a balanced approach to sovereign debt distress and strengthened global economic governance".[4] That is, the outcome of the Conference should provide tangible solutions on how to "strengthen the means of implementation and revitalize the global partnership for sustainable development" (Goal 17).

3. In this context, and to stimulate discussion at the seventh session of the Trade and Development Commission under agenda item 4 (Trade development policy and the post-2015 sustainable development agenda) and item 5 (Formulation of national policies in the context of existing regional trade agreements), this note looks into the challenges that national Governments and the international community will face in the implementation of the post-2015 development agenda, that is to say, in the process of delivering necessary policy outcomes to achieve sustainable development, with a particular focus on how to make the best use of trade in delivering on the agenda.

I. Using trade to deliver on the post-2015 development agenda

4. In practice, what would it entail for the Government to use trade to deliver on the transformative agenda? Using the plan-do-check-adjust/act (PDCA) method for process

[1] A/69/500.

[2] Some of the sustainable development goals and targets presented in the report of the Open Working Group (A/68/970) may be considered goal-specific means of implementation.

[3] A/69/L.46 and A/69/L.43.

[4] United Nations, 2015. Preparatory process for the 3rd International Conference on Financing for Development: Elements, 21 January, available at http://www.un.org/esa/ffd/wp-content/uploads/2015/01/FfD_Elements-paper_drafting-session.pdf, accessed 3 March 2015.

management, delivering on the post-2015 development agenda would require the Government to do the following:

(a) Plan: integrate the sustainable development goals and targets for the time frame 2015–2030 into the country's "national planning, policy, budgets, law and institutions";[5]

(b) Do: implement the policy measures;

(c) Check: monitor and review the interim outcome of the policy mix against the sustainable development goals through processes built on "broad, multi-stakeholder participation, including national and local governments, civil society, science, academia and businesses";[6]

(d) Adjust/act: if necessary, modify the policy mix to pursue the process towards achieving the sustainable development goals.

5. Under the above framework, how can a Government use trade, that is, commercial activities of international exchanges of goods and services, to deliver the post-2015 development agenda? The power of trade that is expected in a country's development policy is first and foremost its capacity to induce income growth at a more rapid pace than would have been achieved under autarky. Producers and businesses export when their goods or services obtain higher prices in foreign markets than in the domestic market or expand their markets, for example; they import when the goods and services obtained from foreign markets offer a greater value for money in quantity and/or quality than those that are domestically available.

6. The Government can use trade directly by increasing the income gains from trade – income from participating in trade-related economic activities, which include services. However, income growth alone will not achieve development, which should be sustained improvement of socioeconomic conditions that are inclusive, equitable and environmentally sound, and that achieve structural transformation with a higher productive capacity. From the perspective of poverty alleviation, for instance, if the aggregate income growth of 1 per cent does not reduce the number of people in absolute poverty by several percentage points, it does not contribute to making society more inclusive and equitable. The Government aims to achieve a per capita increase in the gains from trade in two ways: first, by enhancing the gains from trade for those currently taking part in trade; second, by expanding the segments of the population that can participate equitably in trade-related economic activities.

7. Furthermore, by modifying income-earning opportunities or the quantity of goods and services available on the domestic market, trade can have transformational impacts on various aspects of development such as employment, food security, access to basic services, inequality across and within countries, and structural transformation. The force of such impacts can to a large extent be influenced by the choice of government policies. As discussed extensively at the sixth session of the Commission in 2014, it is necessary to establish trade policies and complementary policies in other areas, such as the environment, competition, services regulation and gender equality, in order to generate positive linkages between trade and sustainable development.[7]

8. Importantly, the magnitude of the income gains from trade depends to a large extent on regional and international financial, trading and other economic conditions. In addition,

[5] A/69/700.
[6] Ibid.
[7] TD/B/C.I/33.

the effectiveness of national policy instruments in linking trade to development may require coordinated actions by different Governments at the regional level – regional trade agreements, for example – as well as at the global level.

9. The following sections discuss actions that the Government would need to take at the national, regional and global levels as they deliver on the post-2015 development agenda.

II. At the national level: Designing an effective policy mix

10. The conceptual foundation of the post-2015 development agenda lies in the impending expiry of the United Nations Millennium Development Goals in 2015 and in the outcome document of the United Nations Conference on Sustainable Development titled "The future we want" (A/RES/66/288), which states: "We therefore acknowledge the need to further mainstream sustainable development at all levels, integrating economic, social and environmental aspects and recognizing their interlinkages, so as to achieve sustainable development in all its dimensions".

11. To achieve sustainable development in all three dimensions, a Government needs an integrated approach that would combine instruments for different policy objectives – social, economic or environmental – in such a way as to create synergies among them and minimize possible negative spillover effects upon each other. The meaning of an integrated approach is clearly described in the synthesis report of the Secretary-General on the post-2015 sustainable development agenda:[8]

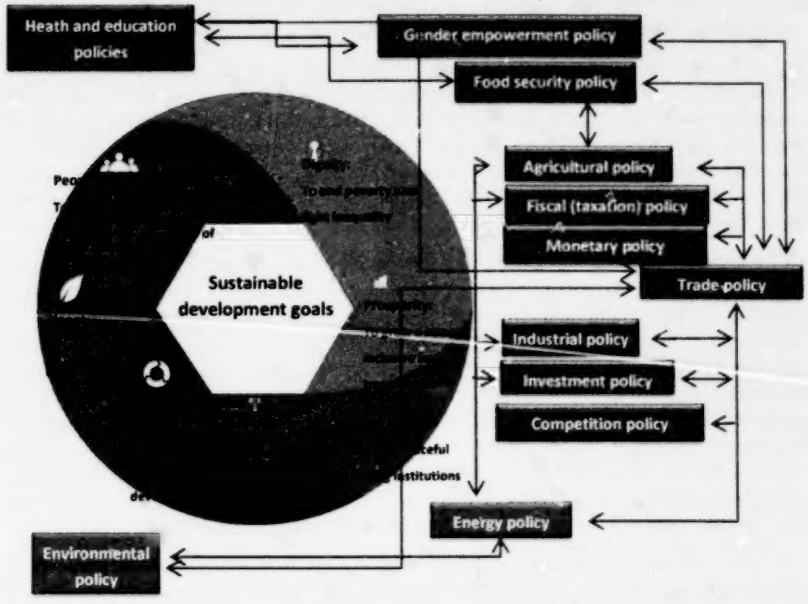
> Sustainable development must be an integrated agenda for economic, environmental and social solutions. Its strength lies in the interweaving of its dimensions. This integration provides the basis for economic models that benefit people and the environment; for environmental solutions that contribute to progress; for social approaches that add to economic dynamism and allow for the preservation and sustainable use of the environmental common; and for reinforcing human rights, equality and sustainability. Responding to all goals as a cohesive and integrated whole will be critical to ensuring the transformations needed at scale.

12. To achieve such an integrated approach, it is essential to design a national holistic policy mix for sustainable development. The most common ingredients would include instruments to achieve macroeconomic stability, income redistribution, trade promotion, environmental protection and conservation, industrial policy and incentives to invest, structural transformation, fair and competitive markets, technology and innovation, food security, health care, education, gender equity and women's empowerment. The exact choice of instruments in a country's policy mix would vary across countries, depending on country-specific needs, conditions and circumstances.

13. The figure below provides an illustrative list of ingredients, mapped against the "six essential elements for delivering on the sustainable development goals" proposed in the aforementioned synthesis report of the Secretary-General.

[8] A/69/700.

An illustrative policy mix mapped against six essentials elements for delivering on the sustainable development goals



14. The biggest challenge in designing such a policy mix is, of course, the extreme difficulty of assessing the magnitude of dynamic interactions of the outcomes of different policies.

15. Take trade policy as an example. It is clear that its ultimate objective is to achieve economic development through welfare improvement. The Government determines the level and structure of its customs tariffs, according to a country's strategic needs, such as sector-specific protection, fiscal revenue or structural transformation, by expanding the country's production frontier to achieve economic development. Now the immediate outcome of such a trade policy instrument, in this case the level of tariffs, is a change in the quantity of traded goods that is produced by modifying their domestic prices. For example, a significant level of tariffs levied on a staple crop in support of local producers could exacerbate food insecurity among people in low-income segments. Conversely, across-the-board tariff elimination may reduce the number of jobs available to marginalized segments of the population, including women, who are in general less apt to shift from one productive sector to another. There are countless incidences of trade policy influencing social and environmental sustainability.[9]

[9] For example, UNCTAD research on trade and gender points to the multifaceted aspects of the interplay between trade and gender, whereby a greater participation in trade (regional or global) can create opportunities for women's empowerment and well-being; at the same time, it can magnify existing gender-based inequalities. Detailed findings from various cases studies are available at http://unctad.org/en/Pages/DITC/Gender-and-Trade/Trade,-Gender-and-Development.aspx, accessed 3 March 2015.

16. The above is about the unintentional influence of a trade policy instrument on a country's society and the ecosystem. There are also cases where a trade instrument is used intentionally to generate social and environmental consequences. For instance, some developing country Governments actively use their comparative advantage in providing environmental goods and services[10] to international markets specifically to generate sustainable income and employment for marginalized groups of the population.[11]

17. Because the exact contents of a national policy mix for sustainable development will necessarily be country-specific, a discussion on the prescriptive ingredients for a policy mix is not possible at this stage. Instead, an examination is possible of what may be a common issue that the Government of any country – developed or developing – would face in the stages of delivering on the post-2015 development agenda (that is to say, the sustainable development goals), for example, key requirements at different stages of the above-mentioned PDCA cycle.

18. First, at the planning and the implementation stages (P and D), each Government would need a solid assessment of where the country stands with regard to the sustainable development goals. The best source for this assessment is each country's progress in achieving the Millennium Development Goals, which will conclude in 2015. With the outcome of the Goals as the starting point, policy continuity will be ensured in many developing countries, including least developed countries, which have successfully integrated the Goals into their national policies and institutional frameworks. Another key requirement, which is closely linked to the above, is for different ministries and other executive bodies in the Government to share a holistic vision of the country's sustainable development, and for them to have mechanisms that would enable them to coordinate actions when separately implementing policy instruments in a common policy mix.

19. Second, at the monitoring and reviewing stage (C), a key requirement particularly relevant to developing countries is data literacy,[12] that is, national statistical capacities in the collection of data and management of reliable and timely data sets at detailed and disaggregated levels, including disaggregation of data by sex. In response to a set of policy recommendations from the Independent Expert Advisory Group on Data Revolution for Sustainable Development, the United Nations system has started internal deliberations on how different United Nations agencies can support national efforts to improve data and statistical capacity.[13] Another crucial requirement is analytical skills, including skills to make the best use of available data and statistics.

20. Third, the adjusting/acting stage (A) is probably most crucial in order to ensure the continuity of the process of delivering on the post-2015 development agenda. The strength of the PDCA method is that it is designed for repeated implementation to slowly but surely approach the goal, taking advantage of the findings and new knowledge acquired through the process. Sustainable development cannot be achieved overnight, and the post-2015 development agenda is not supposed to suggest one-off actions. It is expected to be a transformative agenda such that, in the period 2015–2030, countries will gradually and

[10] Possessing environment-enhancing characteristics. Examples of environmental goods and services are renewable energy products, biodiversity-based products and organic agricultural products.

[11] For more information, see http://unctad.org/en/Pages/DITC/Trade-and-Environment/BioTrade.aspx, accessed 3 March 2015.

[12] A/69/700.

[13] Independent Expert Advisory Group on Data Revolution for Sustainable Development, 2014, *A World That Counts: Mobilizing the Data Revolution for Sustainable Development*, available at http://www.undatarevolution.org/wp-content/uploads/2014/12/A-World-That-Counts2.pdf, accessed 3 March 2015.

collectively change the course of their socioeconomic development patterns towards more sustainable and inclusive ones.

Issues for discussion

21. Against the above background, possible questions concerning government actions at the national level would include the following:

(a) How do Governments achieve better coordination and coherence between policies and executive actions from different national ministries (for example, environment, finance or trade) under one holistic development objective?

(b) What projects do Governments have in place to evaluate and monitor how trade contributes to inclusive development or to reduce inequalities, including those based on gender?

(c) How do Governments create and manage a participatory and inclusive policymaking process, particularly with a view to trade policymaking, in view of understanding and reflecting the socioeconomic and environmental concerns of different stakeholders?

(d) What types of policy mix are available to achieve positive interaction between trade and socioeconomic transformation, for example, increasing food security, empowering a marginalized group, narrowing the gender gap, decarbonizing the economy and raising educational levels? What factors (social, economic and/or environmental) can challenge the effectiveness of such a policy mix?

(e) Take the example of a carbon tax: When using a trade instrument as an incentive policy to address social and/or environmental objectives, how to measure the cost and the benefit of such a policy action, based on which factors and in what time frame? How to ensure that such policies are not used arbitrarily to disguise protectionism?

(f) How can Governments make best use of trade-related data and statistics, which are generally more widely available and reliable than other socioeconomic data in most countries, to assess the interim outcome of a policy mix, while improving data literacy?

III. At the regional level: Formulation of national policies in the context of existing regional trade agreements

22. Certain national actions aiming at sustainable development, for example the sustainable use of natural resources, such as water, forest or fish, require intergovernmental cooperation at the regional and subregional levels. Later in the implementation stages, regional cooperation will help countries monitor and review national progress in delivering on the post-2015 development agenda through a regional peer review. Such a mechanism can enable neighbouring countries to identify regional trends, obstacles, commonalities, best practices and lessons learned, and to identify mutual support and solutions for commonly faced obstacles.

23. While regional cooperation is in general voluntary, one type of economic cooperation – the regional trade agreement – is a legally enforceable contract concluded between countries belonging to the same geographical region, or by a group of countries on an interregional basis, as defined in discussions at the World Trade Organization (WTO). Therefore, certain obligations under such an agreement may limit a country's choice of national policy instruments in the interest of acquiring access to a wider market and

resource base. This section discusses to what extent membership in a regional trade agreement influences a country's capacity to design and implement policies under a broad objective: to achieve the sustainable development goals.

Trends in regional trade agreements

24. Regional trade agreements have proliferated rapidly over the past 20 years. By mid-2014, 585 regional trade agreements had been registered with WTO, 379 of which are currently in force. The possible causes of their proliferation have been discussed widely in other forums. The focus of this note is on the issue coverage of existing regional trade agreements and how they may affect a country's flexibility in designing its sustainable development and poverty reduction strategy.

25. The underlying objective of such an agreement is to achieve economic gains from having a wider market for a country's goods and services and a bigger or better resource base, mainly by granting preferential market access to each other.[14] In addition, membership of a regional trade agreement can substantially improve a country's attractiveness to foreign direct investments because of market expansion and to some extent, because of perceived predictability in its trade policy. Increased interaction among firms within a regional trade agreement can also facilitate the transfer of operational and technological know-how among businesses in the member countries. Many recent regional trade agreements go far beyond granting tariff preferences to each party and seek economic integration at levels deeper than those under the Uruguay Round agreements.[15] Further, the focus of twenty-first century regional trade agreements, especially mega-regional trade agreements, has shifted to behind-the-border regulatory measures with a view to improving transparency and compatibility among the members in areas such as investment, competition, capital movement, intellectual property rights and government procurement, all of which are essential factors to facilitate the conduct of global production networks, or global value chains.[16]

26. These new strains of regional trade agreements with a regulatory focus are tailored largely to countries that already have sophisticated institutions. As for countries that are currently developing such institutional frameworks, membership to such an agreement can be practical, as it provides a set menu of rules and regulations that are compatible with other parties to the agreement. However, compatibility with trading partners can only be of secondary importance when designing rules and regulations: the primary objective is to normalize the domestic economic environment in such a way that it enhances economic activities, which in turn contributes to a country's development.

27. Furthermore, there are cases where certain regional trade agreements restrict a country's so-called policy space that is ensured under WTO agreements. In the area of public health, for instance, the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) provides developing countries with certain flexibilities to deviate

[14] A recent empirical study conducted by UNCTAD suggests that regional trade agreements, especially between developing countries, can generate positive effects on the extensive margin of trade, that is to say, export diversification in trade sectors and in partners. See A Nicita and V Rollo, 2013, *Tariff Preferences as a Determinant for Exports from Sub-Saharan Africa*, Policy Issues in International Trade and Commodities Study Series No. 60 (New York and Geneva, United Nations publication).

[15] Regarding services, such commitments include not allowing countries to decrease the level of commitment through standstill requirements and the automatic incorporation of future liberalization through the ratchet clause.

[16] TD/B/C.I/MEM.5/5.

when necessary from their TRIPS commitments in order to meet national public health needs, such as compulsory licensing.[17] But some regional trade agreements contain TRIPS-plus provisions that extend the patent protection period enjoyed by patent holders of pharmaceutical products beyond what is agreed under the TRIPS Agreement. This means a longer period of no competition facing patent holders, therefore higher drug prices to be paid by consumers and Governments.[18]

28. Furthermore, in the area of investment, a modern regional trade agreement may elicit another type of regulatory reaction from developing countries. In anticipation of any investor–State dispute or legal challenges under a new regional trade agreement, a developing country member may resort to "regulatory chill", meaning that it will not draw up any regulatory policies on foreign direct investment, capital movement or intellectual property rights – which would have carried a significant weight in the country's policy mix for sustainable development. Some North–South regional trade agreements contain a clause that suggests technical assistance to be provided by developed country members to developing country members in areas such as compliance with higher standards.[19] Often, however, such clauses are not legally binding.

29. The general traits of recent regional trade agreements as described above also pose a question about the fundamental inclusiveness of such agreements. In other words, the interests of small and economically modest developing countries are not covered by new regional trade agreements, which may be perceived to reflect the regional and/or global business interests of multinational corporations.

30. Another dimension of inclusiveness with regard to regional trade agreements is a domestic one. For Governments to evaluate ex ante the costs and benefits of such agreements, it is necessary to have a well-functioning inter-ministerial consultation mechanism to evaluate the costs and benefits, and an open and participatory consultation mechanism for the Government, civil society, academia, and large and small businesses and different stakeholders in the society. Learning from successful examples of such consultation mechanisms would be of great value to many countries.[20]

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[17] Compulsory licensing means that Governments can allow firms to produce patented products without the consent of the patent holders under certain conditions. According to the Declaration on the TRIPS Agreement and Public Health (para. 4) adopted at the 2001 WTO Ministerial Conference in Doha, "... the TRIPS Agreement does not and should not prevent members from taking measures to protect public health" and that the Agreement "can and should be interpreted and implemented in a manner supportive of WTO members' right to protect public health and, in particular, to promote access to medicines for all", available at http://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_trips_e.htm, accessed 4 March 2015.

[18] L Forman, 2013, The Intergovernmental Working Group on Public Health, Innovation and Intellectual Property, in United Nations Human Rights, Office of the High Commissioner, *Realizing the Right to Development: Essays in Commemoration of 25 Years of the United Nations Declaration on the Right to Development* (New York and Geneva, United Nations publication, Sales No. E.12.XIV.1), available at http://www.ohchr.org/Documents/Issues/Development/RTDBook/PartIIIChapter22.pdf, accessed 4 March 2015.

[19] For example, standards concerning products, labour and the environment.

[20] A number of countries routinely conduct ex-ante assessment of their trade agreements at times through participatory consultative processes. For some country cases on consultation in trade policy process, see M Halle and R Wolfe, eds, 2007, *Process Matters: Sustainable Development and Domestic Trade Transparency*, Winnipeg, Canada, International Institute for Sustainable Development.

Issues for discussion

31. Based on the above, possible issues for discussion on the formulation of national policies in the context of regional trade agreements would include the following:

(a) How can a regional trade agreement, whose principal aim is to promote intraregional trade, address sustainable development concerns at the national and regional levels? What successful cases and best practices can be highlighted?

(b) In addition to the regional trade agreement-versus-TRIPS examples, are there cases where certain obligations of regional trade agreements conflict with the inclusive and sustainable development of developing country members? If so, what actions can be taken to redress such conflicts?

(c) What action can be taken when regional trade agreements lead to economic discrimination of certain developing countries that have not entered into regional trade agreements with major economies? For example, what can be done when they are removed from the radar of major international businesses?

(d) Trade analysis suggests that South–South regional trade agreements can provide member countries with fertile ground for export diversification. What actions would make such agreements further enhance structural transformation in a sustainable manner?

(e) Are there any model cases of regional and subregional cooperation or cases where a supportive environment for trade-led growth and sustainable and inclusive development is jointly generated?

IV. At the global level: Revitalizing the global partnership

32. Achieving sustainable development requires a "revitalized global partnership" which "must be effective in mobilizing the means and in creating the environment to implement … the ambitious new agenda". Such a partnership should provide an international economic environment supportive to the national implementation of the post-2015 development agenda "through aid and trade, regulation, taxation and investment".[21]

33. In the intergovernmental negotiations on the sustainable development goals – the key element of the post-2015 development agenda – countries are discussing targets under Goal 17 for a global partnership in different areas that include finance, trade, technology, capacity-building (in developing countries) and systemic issues.[22] However, while it is possible to quantify targets and provide measurable indicators for most sustainable development goals, the metrics for evaluating partnerships, such as the targets on partnership for trade, are not obvious (see box).

34. For example, target 17.10 calls for a universal and equitable multilateral trading system. Such a system is no doubt a prerequisite for ensuring the gains from trade to all countries, economically powerful or otherwise. Be that as it may, progress in the negotiations under the Doha Round has been staggering. Similarly as regards target 17.12, improvement in duty-free and quota-free market access for least developed countries was

[21] A/69/700.

[22] These areas are reflected in Goal 17 of the Open Working Group's proposal on sustainable development goals. The systemic issues are further elaborated in three areas: policy and institutional coherence, multi-stakeholder partnerships, and data, monitoring and accountability.

urged, not required, at the Bali Ministerial Conference. Moreover, conclusions of the Conference are non-binding with regard to making transparent and simple preferential rules of origin that are applicable to least developed countries.[23] There is a discrepancy in the level of ambition between the contents of the Doha Round and those that are envisaged for inclusion in the sustainable development goals.

Three trade-related targets or means of implementation under Goal 17 (currently under negotiation)

17.10: Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under WTO, including through the conclusion of negotiations under the Doha Development Agenda

17.11: Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020

17.12: Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with WTO decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access

35. Another important question with respect to a revitalized global partnership is whether the multilateral trading system helps, not undermines, efforts at the national level to achieve the sustainable development goals. This may be a major issue for discussion when determining how to facilitate the transfer of environmentally sound technologies or green technologies to achieve sustainable development.

36. The importance of promoting green technologies has been well acknowledged. Article 4.5 of the United Nations Framework Convention on Climate Change (FCCC/INFORMAL/849) states:

> The developed country Parties and other developed Parties... shall take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies and know-how to other Parties, particularly developing country Parties, to enable them to implement the provisions of the Convention. In this process, the developed country Parties shall support the development and enhancement of endogenous capacities and technologies of developing country Parties. Other Parties and organizations in a position to do so may also assist in facilitating the transfer of such technologies.

37. This conflicts with obligations under the WTO TRIPS Agreement. Should green technologies be considered a global public good and thus should their transfer be facilitated beyond the obligations under the Agreement? Or should WTO members ensure strict protection of intellectual property rights in such a way that monetary incentives would enhance more research and development on future green technologies? Despite the urgency of reaching a globally agreed solution, the issues surrounding intellectual property rights and access to green technologies are not featured in the current Doha Round of Negotiations.

[23] TD/B/C.I/MEM.5/5.

Issues for discussion

38. Possible questions on how to revitalize the global partnership would include the following:

(a) How can a country better coordinate at the national level its negotiation efforts in interrelated areas – for example, climate change and trade negotiations – which are the key to global sustainable and resilient development, but are often dealt with by different audiences in practice?

(b) How can real market access – tariffs, non-tariff measures and market entry conditions – be improved in such a way as to reinforce developing country Governments' actions to deliver on the post-2015 development agenda?

(c) What type of global partnership could help Governments reduce the economic loss that may arise from implementing a policy mix to achieve sustainable development? For instance, for fear of losing international competitiveness of its products and services, a Government is dissuaded from taking unilateral action to improve the working and wage conditions of marginalized groups.

(d) How can regional and multilateral agreements converge, under the aegis of the multilateral trading system, towards achieving inclusive and sustainable development?

V. Conclusion

39. In short, the issues discussed in this note are about what future government actions will be taken to deliver on the post-2015 development agenda during the period 2015-2030. This paper discusses the importance of designing and implementing an integrated policy mix in a continual and inclusive process that achieves sustainable development. It suggests that the Commission explore desirable types of regional actions and a global partnership that would support and reinforce national efforts laying a foundation to realize the future we want at the planetary level beyond 2030.

40. In the short term, it is hoped that the views and ideas exchanged during the meeting will provide useful inputs to the ongoing intergovernmental negotiations on the post-2015 development agenda, the preparatory process towards the third International Conference on Financing for Development, and the lead-up to the fourteenth United Nations Conference on Trade and Development, to be held in Lima in 2016.

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I. Agreed conclusions

(Agenda items 4 and 5)

1. Trade development policies and the post-2015 sustainable development agenda

(Agenda item 4)

The Trade and Development Commission,

1. *Stresses* the importance of the means of implementation for the forthcoming post-2015 development agenda to promote trade and development;

2. *Requests* UNCTAD to continue providing support as needed to developing countries in the formulation and review of national trade development policies in the context of implementation of the post-2015 development agenda;

3. *Notes* the trend to include sustainable development provisions in trade and investment agreements, and *recognizes* the importance of ensuring environmental and social protection and economic development and in this regard highlights the responsibilities of all stakeholders, in particular Governments and the private sector.

2. Formulation of national policies in the context of existing regional trade agreements

(Agenda item 5)

The Trade and Development Commission,

1. *Recognizes* the continuing importance and role of multilateralism in promoting an open, inclusive, universal, equitable, rules-based and non-discriminatory trading system and that, in this regard, regional trade agreements should work as a complement to and not a substitute of the multilateral trading system;

2. *Recognizes* the rights and flexibility of countries to negotiate agreements, and to formulate and pursue the most appropriate mix of economic and social policies to achieve their development, in accordance with their international commitments;

3. *Recognizes* the work of UNCTAD in the areas of international trade in goods and services, commodities, transport and trade facilitation, and technology, including research on the impact of transfer of technology on trade and development and the importance of such work in strengthening the capacity of developing countries to address key development challenges;

4. *Takes notes* of the work of the expert meetings and encourages UNCTAD to strengthen the synergy among its three pillars;

5. *Requests* the secretariat to enhance its efforts in order to enrich the deliberations of the future sessions of this Commission, including by ensuring that the parliamentary documents address the trade development policies and the multilateral trading system, with the aim of broadening policy options for development and encouraging greater interactivity, and thus enhancing consensus building.

II. Chair's summary

A. Opening of the session

1. The following speakers made opening statements: the Deputy Secretary-General of UNCTAD; the representative of the Philippines, on behalf of the Group of 77 and China; the representative of the United Republic of Tanzania, on behalf of the African Group; the representative of the Bolivarian Republic of Venezuela, on behalf of the Group of Latin American and Caribbean Countries; the representative of the European Union, on behalf of the European Union and its member States; the representative of Albania, on behalf of Group D; the representative of Benin, on behalf of the Least Developed Countries Group; the representative of Switzerland, on behalf of the JUSSCANNZ group; the representative of Barbados, on behalf of the small island developing States; the representative of China; and the representative of Morocco.

2. The Deputy Secretary-General stressed the importance of trade and quoted the Minister of Commerce and Industry of Liberia who had recently declared that "trade matters, because people matter". He stated that 2015 would be a decisive year for development since the contours of sustainable development goals to be achieved by 2030 would be defined. In addition, he emphasized the importance of understanding that trade was much more than a global rule book or the development of new global rules. The cost of trade needed to be reduced and inclusiveness maintained while negotiating and managing international trade.

3. The representatives of many regional groups and delegations recognized the importance of the process of defining the post-2015 sustainable development agenda and the need to use trade as an enabler for sustainable development, as well as of eradicating poverty and achieving sustained and equitable prosperity. This agenda needed to be complemented with adequate means of implementation. The representatives of some regional groups and delegations recognized the key role of UNCTAD as the focal point in the United Nations for integrated treatment of the development agenda, from the trade, investment finance, technology and sustainable development perspective, particularly with reference to defining sustainable development goals and working towards their achievement through necessary means of implementation. The representative of one regional group underscored the fact that by building upon the achievements of the Millennium Development Goals, a new model of development thinking could be achieved that empowered developing countries by building their capacity to develop.

4. The representatives of a few regional groups and delegations emphasized the important role of the multilateral trading system and highlighted the need to catalyse the Doha Round of negotiations in the World Trade Organization (WTO) to enable the earliest possible successful realization of its development objectives and aspirations. The representative of one regional group emphasized that the focus had shifted from the original reason for the Doha Round – the promotion of a development-friendly multilateral trading system – to the promotion of an even broader liberalization agenda, focusing on the priorities of the North. The representatives of a few regional groups and delegations expressed the view that regional trade agreements, including North-South trade agreements, should not negatively impact South-South regional integration and policy space.

5. The representative of one regional group highlighted that an enabling international environment could be created, in particular by developed countries, through relevant policy frameworks and incentives that could lead, among others, to increasing flows of finance and investment to developing countries, scaling up technology development and transfer, establishing a fair and pro-development international trading system and enhancing the

participation of developing countries in global financial and economic governance. The representative expressed concern with some emerging regional trade agreements and international investment agreements that contained provisions that were more stringent than those covered by the multilateral trade regime or included additional provisions that went beyond those of current multilateral trade agreements. In this regard, the representative emphasized the importance of preserving policy space to maximize flexibility in the design and implementation of national economic and development policies.

6. The representative of another regional group highlighted the potential of regional and interregional trade agreements to support wider trade integration and access to regional and global value chains, which needed to be maximized. The representative also noted that it was important for all States to commit to a multi-stakeholder monitoring, accountability and review process and to set up systems for accountability at national levels. The representative of another regional group pointed out the considerable challenge its members faced in achieving more open global trade. Trade costs, which remained stubbornly high, were identified as the major constraint. The research and publications of UNCTAD had shown that developing countries could benefit significantly from investments in trade and transport facilitation yet, at the same time, faced numerous obstacles and, in this context, the representative of one regional group called for the sufficient provision of resources for technical assistance and capacity-building for developing countries in order to fully harness trade as an engine for development. The Agreement on Trade Facilitation of the WTO was important in providing a solution for this challenge. One delegation highlighted the importance of labour issues, particularly decent work, and the gender dimension to be factored into trade and related policies.

7. The Director of the Division on International Trade in Goods and Services, and Commodities presented recent trends in international trade, including emerging South-South trade, regionalism and the need to have complementary and enabling policies to harness the benefits of trade.

B. Reports of expert meetings

1. Reports of the multi-year expert meetings

(a) Multi-year Expert Meeting on Transport, Trade Logistics and Trade Facilitation
(Agenda item 3 (a) (i))

8. The Vice-Chair-cum-Rapporteur of the second session of the Multi-year Expert Meeting on Transport, Trade Logistics and Trade Facilitation presented the report of the session, noting that it had been successful as well as timely, as it had been held following adoption of the Agreement on Trade Facilitation in December 2013 in Bali, Indonesia. In particular, in the context of the Agreement, the meeting had addressed the following four main issues: WTO rules and field realities; costs and benefits of trade facilitation reforms and their impact on development; multilateral and regional trade facilitation negotiations and agreements – ensuring coherence; and trade facilitation implementation – tools and the institutional setting. The Vice-Chair-cum-Rapporteur highlighted the high quality of the substantive discussions and the presentations and supporting documentation, including those prepared by the secretariat. He noted the extremely valuable insights gained from the varied views of the experts and from national experiences.

9. The Chair of the meeting presented the report of the third session, recalling some of the common vulnerabilities and sustainable development challenges facing small island developing States, including their heavy reliance on sea and air transport links. He reiterated the importance of enhancing the sustainability and resilience of transport infrastructure with a view to increasing the trade competitiveness of small island

developing States and improving access to the global market. Summarizing some of the meeting's conclusions, he highlighted the following: the wide consensus of the meeting had offered the experts an opportunity to reconsider the transport and trade logistics of small island developing States and further raise the profile of the sector on the international policy agenda; recognition of the role of regional and interregional partnerships and cooperation, including for resilience building, disaster risk financing and climate adaptation, was particularly relevant; and the vulnerability of small island developing States needed to be matched by commensurate financial support and capacity-building.

10. The Commission took note of the reports contained in documents TD/B/C.I/MEM.7/6 and TD/B/C.I/MEM.7/9, respectively.

(b) Multi-year Expert Meeting on Commodities and Development
(Agenda item 3 (a) (ii))

11. On behalf of the Chair of the Multi-year Expert Meeting on Commodities and Development, the Head of the Special Unit on Commodities presented the report of the seventh session, recalling the main policy recommendations made.

12. The Commission took note of the report contained in document TD/B/C.I/MEM.2/31.

(c) Multi-year Expert Meeting on Trade, Services and Development
(Agenda item 3 (a) (iii))

13. The Chair of the Multi-year Expert Meeting on Trade, Services and Development presented the report of the third session, recalling its focus on possible elements for the preparation of a toolkit consisting of a set of best-fit practices, organized by sector, from which developing countries could extract information applicable to their own countries and circumstances that would assist them in enhancing efficient and effective regulations and institutions. The experts had exchanged experiences and lessons learned in establishing and strengthening regulatory and institutional frameworks. In particular, the session had built on experiences gained through the Services Policy Reviews of UNCTAD.

14. The key message that had emerged from the deliberations concerned the untapped opportunity in the services sector, including for achievement of the post-2015 sustainable development agenda. Achieving proposed goals and targets would implicitly and explicitly rely on universal access to basic and infrastructure services. However, devising adequate policy, regulatory and institutional frameworks best fit to national circumstances and priorities in an increasingly open trading environment remained a critical challenge for Governments. This required a thorough stocktaking and assessment exercise on services.

15. The experts had recognized that the comprehensive work of UNCTAD on services had provided a set of toolkits to help countries address this challenge. Its Services Policy Reviews had been designed as a methodology for taking stock of economic outcomes and institutions governing the sector and suggesting tailored and practical solutions. Country experiences with Services Policy Reviews from Bangladesh, Ecuador, Indonesia, Jamaica, Lesotho, Paraguay, Peru, Rwanda and Uganda had been presented and lessons learned had been exchanged, generally indicating the desire of countries to use services in general, and key selected sectors in particular, as drivers of growth and sustainable development. Experiences had commonly pointed to the importance of the following: policy coherence and coordination; data requirements for evidence-based policymaking and regulations; effective institutions and governance; enabling productive technology and business environments; and developing labour skills.

16. The Chair emphasized that it had been clear from the discussion that the work of UNCTAD on services, in particular its Services Policy Reviews, had a real impact on the

ground, as it allowed countries to assess services sectors and provide actionable recommendations for defining national strategies for developing the services economy and trade.

17. The Commission took note of the report contained in document TD/B/C.I/MEM.4/9.

(d) Multi-year Expert Meeting on Promoting Economic Integration and Cooperation
(Agenda item 3 (a) (iv))

18. The Vice-Chair-cum-Rapporteur of the Multi-year Expert Meeting on Promoting Economic Integration and Cooperation presented the report of the second session, focusing on the main discussions and outcomes. The experts had stressed the success achieved on poverty, which had been reduced at an incredible pace in the last 25 years, on school enrolment, especially in sub-Saharan Africa, and on the reduction of child mortality rates. While discussing Millennium Development Goal 8, on international cooperation, the experts had noted that the achievement of the Goals had been disappointing. For example, despite the fact that the Goals framework focused mainly on official development assistance and debt relief to reduce poverty, the target of 0.7 per cent of gross national income that developed countries had agreed to provide as aid was far from being met.

19. The Commission took note of the report contained in document TD/B/C.I/MEM.6/6.

(e) Multi-year Expert Meeting on Enhancing the Enabling Environment at All Levels in Support of Inclusive and Sustainable Development
(Agenda item 3 (a) (v))

20. The Chair of the Multi-year Expert Meeting on Enhancing the Enabling Economic Environment at All Levels in Support of Inclusive and Sustainable Development presented the report of the second session. Recalling that the theme had been "towards an enabling multilateral trading system for inclusive and sustainable development", the Chair stated that the meeting had been timely, as the international community prepared to intensify work on defining the post-2015 sustainable development agenda and as, a few days before, WTO members had resumed negotiations to define a post-Bali work programme aimed at concluding the Doha Round. The background document prepared by the secretariat had helped to ensure a lively, productive and useful discussion.

21. Presenting some of the major issues that had emerged from the discussion, the Chair stated that the experts had recognized that trade was expected to play a key enabling role in the post-2015 agenda. In this regard, a coherent and integrated framework of development policies linking trade with other complementary policies was indispensable. An inclusive and well-functioning multilateral trading system could be seen as a global public good. The Bali outcome had been important in giving a renewed impetus to the Doha Round negotiations, yet concluding the Round remained challenging. The Chair recalled that several speakers had highlighted the importance of delegations taking a pragmatic, flexible and creative approach, with a focus on doables.

22. Extensive discussion had also taken place on recent growth in and the deepening of regional trade agreements. The Chair noted that several speakers had concurred that these were motivated by a desire to address regulatory divergence across countries. Such agreements had systemic as well as development implications, including the fragmentation of trade architecture and the risk that smaller countries might be left out. With regard to the future direction, the Chair recalled that while some speakers had felt that the multilateral trading system needed to adapt to new and emerging issues such as currency fluctuation or climate change, some others had been of the view that delivering results in the Doha Round must take precedence over the discussion of new issues. Finally, the Chair stated that the discussion had been highly useful in allowing exchanges of innovative ideas and policy

options, deepening the understanding of member States and building coherence between the trade and development-related organizations based in Geneva, Switzerland.

23. The Commission took note of the report contained in document TD/B/C.I/MEM.5/6.

2. Reports of the single-year expert meetings

(a) Expert Meeting on the Impact of Access to Financial Services, including by Highlighting Remittances on Development: Economic Empowerment of Women and Youth

(Agenda item 3 (b) (i))

24. The Vice-Chair-cum-Rapporteur of the Expert Meeting on the Impact of Access to Financial Services, including by Highlighting Remittances on Development: Economic Empowerment of Women and Youth presented the report of the meeting. Noting that financial inclusion had become an important element of the international policy agenda, the Vice-Chair-cum-Rapporteur stated that only 34 per cent of firms in developing countries had a bank loan and that, in 2011, only 50 per cent of people had held an account with a formal financial institution. Women, youth, the poor, rural populations, migrants and those engaged in the informal economy were more affected by a lack of financial inclusion.

25. Broad consensus had emerged on the crucial role and contribution of financial inclusion in poverty reduction and economic and social development, with resources channelled to the targeted needs of individuals and firms, as well as towards productive investments. Financial inclusion in developing countries had been evolving rapidly due to technological advancement and diffusion and the emergence of new business models, including as a result of Government policies and regulations. Particularly notable had been the emergence of mobile money, although other countries and regions had favoured different means and policies.

26. The experts had emphasized the key role of Government in fostering appropriate institutions and regulations, financial education and consumer empowerment and innovative business models and technology that would bring additional market competition, as well as the overcoming of cultural barriers in traditional society to include women and youth. Participants had underlined the importance of leveraging remittances to generate income locally through infrastructure and productive investments. Actions towards financial inclusion could be addressed through the facilitated, quicker, safer and less costly transfer of remittances. Finally, the experts had discussed the relationship between financial inclusion and trade agreements affecting services. Trade liberalization needed to be carefully coordinated and synchronized with adequate domestic regulations to promote financial inclusion and stability.

27. The Vice-Chair-cum-Rapporteur noted that the meeting had been highly useful in improving the understanding of member States on this salient development topic in the post-2015 development framework, and that UNCTAD would continue to work on these issues, to assist developing countries in devising tailored policies that promoted financial inclusion for individuals and enterprises, particularly small and medium-sized enterprises.

28. The Commission took note of the report contained in document TD/B/C.I/EM.6/3.

(b) Expert Meeting on Social Inclusion Programmes and Their Impact on Sustainable and Inclusive Development and Growth

(Agenda item 3 (b) (ii))

29. The Chair of the Expert Meeting on Social Inclusion Programmes and Their Impact on Sustainable and Inclusive Development and Growth presented the report of the meeting. Recalling its key issues and questions, the Chair noted that in many developing countries, robust growth had not translated into sustainable and inclusive development owing partly to

the lack of creation of enough good-quality jobs and effective distribution mechanisms. This had led to concern regarding exclusion from the growth process. Conventional market-based policies were not enough to reduce poverty and address a lack of equality, and panellists had agreed that social inclusion programmes were essential for fostering inclusive development and that such programmes must be part of productive capacity-building and structural transformation. The promotion of social inclusion also called for greater coherence in international policies, for instance in the area of aid policies.

30. Several developing country experiences had been presented, which emphasized the importance of job creation for social inclusion. The experts had agreed that there was no single model to promote social inclusion. Rather, each country needed to design its own programmes. In addition, gender should be at the heart of social inclusion policies. The role of leadership had also been evoked as crucial in both developed and developing countries. The Chair referred to the need for capacity-building in the private sector in order that it could better contribute to inclusive growth, and noted that social inclusion could not be achieved without financial inclusion in terms of access, quality and the use of financial services. The Chair concluded by expressing appreciation for the interactive debates during the meeting and thanking the secretariat for its work.

31. The Commission took note of the report contained in document TD/B/C.I/EM.7/3.

3. Report of the Intergovernmental Group of Experts on Competition Law and Policy
(Agenda item 3 (c))

32. On behalf of the Chair of the Intergovernmental Group of Experts on Competition Law and Policy, the Director of the Division on International Trade in Goods and Services, and Commodities presented the report of the fourteenth session. The Director recalled the opening remarks made by the Secretary-General and the round-table discussions held during the session. The Group of Experts had undertaken three voluntary peer reviews on the competition law and policy in Namibia, the Philippines and Seychelles. In addition, the Group of Experts had requested that the secretariat prepare a report on the implementation of the work programme and decisions taken at the Sixth United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, held in 2010, including the two ad hoc expert meetings on consumer protection and the interface between competition and consumer policies, held in 2012 and 2013.

33. The Commission took note of the report contained in document TD/B/C.I/CLP/34.

C. Trade development policies and the post-2015 sustainable development agenda
(Agenda item 4)

34. The first informal meeting of the Commission was moderated by the Deputy Secretary-General of UNCTAD. An opening presentation was delivered by the Director of the Division on International Trade in Goods and Services, and Commodities, followed by presentations from the Deputy Executive Director of the United Nations Entity for Gender Equality and the Empowerment of Women, the Deputy Director General for Policy of the International Labour Organization and a senior executive of the Development Bank of Latin America. Interventions were made by the Head of the Development Statistics and Information Branch of UNCTAD and the Treasurer of the Global Network of Exim Banks and Development Finance Institutions. Presentations were followed by an interactive debate.

35. In the context of the ongoing preparatory process for the adoption of the post-2015 sustainable development agenda, possible frameworks through which to link trade to the achievement of sustainable development goals were considered. Some panellists emphasized the role of trade as an important means of implementation for a transformative post-2015 agenda, recognizing that trade was a necessary but insufficient condition to achieving inclusive and sustainable growth and development. One panellist provided details of a proposed national implementation framework, the plan-do-check-adjust/act method, detailed in document TD/B/C.I/37. This method distinguished between the planning stage – in which assessing progress towards the Millennium Development Goals could act as a starting point for the design of new national sustainable development strategies – the implementation stage of appropriate policies, the monitoring and reviewing stage (a key requirement of which was data literacy) and the action stage that would permit the repeated adjustment of policies to ensure the long-term achievement of sustainable development goals.

36. An issue of concern raised by some panellists and delegates regarded the weak integration of trade in the post-2015 agenda, seen as lacking the ambition needed to stimulate action in the area of trade in order to act as a key pillar for sustainable development. A few panellists called on member States to partly rectify this missed opportunity by ensuring the inclusion of additional trade issues in the forthcoming third International Conference on Financing for Development (Addis Ababa, July 2015).

37. With regard to current efforts to incorporate trade in the framework of sustainable development goals, some panellists underlined the importance of developing appropriate indicators, as these would ultimately guide the national strategies and actions of countries. One panellist elaborated the 19 indicators proposed by UNCTAD for proposed sustainable development goal 17 on the global partnership for sustainable development. Following widespread consultations, these indicators had been developed and selected through a non-partisan approach, in a specific, measurable, achievable, realistic and time-bound (smart) manner, in order to adequately capture the multifaceted nature of the particular goal.

38. In addition, a few panellists recognized that trade was interlinked with numerous thematic goals, such as those related to poverty reduction, food security, gender equality and employment. In this context, one panellist stressed the need for a new global development framework that addressed structural barriers to the achievement of gender equality and women's empowerment. This would involve efforts on the part of UNCTAD to ensure that all trade-related goals were gender sensitive, as well as a need for gender disaggregated data and targets. Another panellist focused on the interconnections between trade and employment, which was especially important given that many of the proposed sustainable development goals were linked to labour issues, including goal 1 on ending poverty, goal 5 on achieving gender equality, goal 8 on promoting full and productive employment and decent work and goal 10 on reducing inequality.

39. The interlinkages between goals related to trade, gender equality and employment were indicative of the holistic policy mix required at national levels to ensure that trade had a positive impact on the three pillars – economic, social and environmental – of sustainable development. One panellist emphasized the need for Governments to adopt an integrated approach combining instruments for different policy objectives in such a manner as to create synergies and minimize negative spillover. The precise choice of instruments would vary across countries, depending on specific needs, conditions and circumstances.

40. The discussions focused on the well-documented synergies between trade and employment. However, a positive link was not automatic, but required complementary policies, such as promoting the quality of jobs and addressing structural issues in labour markets, to make trade and investment a driver of development.

41. Avoiding trade-offs between policy objectives was viewed by some panellists as an important but challenging task. An example of a potential trade-off was the inclusion of labour standards in trade agreements, which could have positive social welfare impacts, but could also negatively impact participation in global value chains and trade. However, provisions in trade agreements to guarantee core labour rights and acceptable working conditions could be beneficial for development, including by preventing a destructive race-to-the-bottom effect.

42. One panellist noted that achieving trade growth with environmental sustainability could be realized. For example, the Andean BioTrade Programme had integrated the conservation of biodiversity with sustainable use and respect for equity concerns in relation to access and benefit sharing and the provision of jobs and income for women and in rural communities.

43. In designing an optimal policy mix, national Governments required an enabling policy environment and partnerships at regional and global levels. One panellist emphasized that expectations for the post-2015 agenda needed to be matched by appropriate resource mobilization, including through domestic resources, official development assistance, South-South development cooperation and Aid for Trade and other capacity-building programmes.

44. With respect to the role of international institutions, one panellist reflected on the scope for improving complementarity between the decent work agenda and trade and investment policies through initiatives such as the Better Work programme of the International Labour Organization. The importance of regional development banks and export-import banks was also emphasized by a few panellists, in the context of expanding South-South cooperation and trade, supporting environmental practices and policies, offering technical assistance and providing finance for sustainable development.

45. Finally, some panellists and delegates concurred that entering into regional and bilateral trade agreements should not constrain the policy space of developing countries. There was a need to protect against provisions in trade and investment agreements that limited the ability of countries to regulate in the public interest, for instance, when limits on fiscal space prevented the provision of public services and social protection.

D. Formulation of national policies in the context of existing regional trade agreements

(Agenda item 5)

46. The introductory presentation at the second informal meeting was delivered by the Director of the Division on International Trade in Goods and Services, and Commodities. Panellists included the following: Counsellor, Permanent Mission of Chile to the World Trade Organization; Counsellor, Permanent Mission of Viet Nam to the United Nations Office at Geneva; Ambassador, Permanent Delegation of the African Union to the United Nations Office at Geneva; and Counsellor, Trade Policies Review Division, World Trade Organization. Presentations were followed by an interactive debate.

47. The discussion on regional trade agreements focused on their role and their ability to influence a country's capacity to formulate national development policies, and on current trends in global trade. It was noted that the number of such agreements had grown rapidly in the past twenty years, with 407 agreements currently in force. Though the majority of such agreements were bilateral, one panellist stressed that the number of plurilateral agreements was increasing. Another prominent trend was that trading blocs had become multiregional, with the majority of them being concluded among developed and developing countries. The nature of regional trade agreements, in scope and depth, had evolved with

time. Even though some agreements still restated provisions of the WTO agreements, others included new issues such as competition policy and labour standards. One panellist noted that most recent regional trade agreements had also contained investment provisions, while in other instances, investment agreements were being negotiated in parallel with regional trade agreements.

48. Some panellists concurred that the establishment of regional trade agreements and megaregional agreements did not constitute a new or even a recent phenomenon. Since the General Agreement on Tariffs and Trade in 1948, regional trade policies had been implemented in parallel with the multilateral trading system. However, a few panellists agreed that there had been an increasingly growing trend towards regionalization, particularly in recent years.

49. Some panellists highlighted that regional trade agreements and megaregional trading blocs had emerged as a legitimate response to a lack of dynamism in the multilateral trading system and the consequent slow progress in terms of trade policy reform at the multilateral level. In this regard, one panellist emphasized that much of the progress in international trade had been taking place at national and regional levels. Yet concerns had been expressed about the possibility that regional trade agreements and especially megaregional trading blocs might further halt progress in multilateral trading, particularly with respect to agriculture. The panellist also emphasized that the necessary change of rules with respect to agricultural trade could take place only by means of multilateral negotiations. In this context, and in the framework of the post-2015 sustainable development agenda, reform of agricultural policy at the multilateral level was of critical importance for the successful implementation of sustainable development goals, especially for ensuring that food security was achieved globally. Another issue raised with regard to regional trading blocs was the risk of deviating trade through creating regional trade agreements and using non-tariff measures.

50. The potential of regionalism to converge with multilateralism, provided that convergence was designed and embedded into a regional approach at the outset, was considered. In this regard, one panellist highlighted the successful example of the Latin American Integration Association established to replace and expand the Latin American Free Trade Association. The experience of the African Union was cited by another panellist as an ongoing success story of an integration process. Such integration had to remain central in the development strategy of African States, as it was necessary for achieving peace and prosperity, through accelerated political and socioeconomic cooperation among countries. The existence of economic institutions such as investment banks and monetary funds facilitated integration among countries. The ultimate goal for Africa was to adopt a continental customs union, an arrangement that could help increase the economic competitiveness of Africa through economies of scale and better market access, foster the industrialization and diversification of African economies and overcome dependence on imports. To achieve this level of economic integration, Africa needed to overcome numerous conflicts and emergencies such as the current outbreak of the Ebola virus disease, and to build up infrastructure to connect producers to consumers.

51. A few panellists acknowledged the role of international trade as an engine of economic growth, prosperity and stability. In this regard, regional trade agreements were noted as one of the vehicles for conducting trade and being connected to international markets. The panellists stressed that it was especially important for small economies to be linked through trade agreements to larger markets. Regional trade agreements were a parallel track and not an alternative to multilateral trade agreements, which had the same ultimate goal to ensure freer trade among countries.

52. Questions and comments from delegates highlighted the importance of further study of the effects of regional trade agreements on global trade and development, with a special

focus on developing and least developed countries, as well as the importance of built-in developmental provisions in regional trade agreements. Finally, some regional groups and delegates emphasized the need for open, transparent and non-discriminatory regionalism, with a view to preserving necessary policy space, particularly for weaker economies.

E. Progress report on promoting and strengthening synergies among the three pillars

(Agenda item 6)

53. The fourth informal meeting was opened and moderated by the Chair of the Commission. Panellists at the fourth and fifth informal meetings included the Director of the Division on Technology and Logistics, the Director of the Division on International Trade in Goods and Services, and Commodities, and the Head of the Special Unit on Commodities, as well as the Chief of the Trade Facilitation Section of the Trade Logistics Branch, Division on Technology and Logistics, and an economist from the Trade Analysis Branch, Division on International Trade in Goods and Services, and Commodities. Presentations were followed by an interactive debate.

54. The discussion focused on progress reports on promoting and strengthening synergies among the three pillars of the work of UNCTAD, namely research and analysis, consensus building and technical assistance. In the past year, major deliverables had been reported by UNCTAD under the three pillars and efforts had focused on increasing the synergies among them.

55. The panellists noted that efforts by UNCTAD to promote and strengthen synergies among the three pillars, as well as interdivisional cooperation, had been fruitful and beneficial to the work of UNCTAD. Several regional groups and delegates commended the quality of the work conducted by UNCTAD and welcomed efforts being made in promoting synergies. The representative of one regional group noted that inter-agency synergies should be maximized. One delegate proposed the possibility of envisaging a fourth pillar of work.

56. Many regional groups and delegates stressed the importance of the ongoing support provided by UNCTAD in building and enhancing the capacities of member States in the areas of trade policy, trade facilitation and logistics, and in strengthening inter-institutional capacities at national levels, as well as in providing timely assistance in meeting obligations under the WTO. One delegate highlighted the impact of technical assistance and capacity-building programmes provided by UNCTAD, which had had important spillover effects, as the skills and knowledge acquired by participants had begun to be further disseminated in the region. Another delegate noted that the work of UNCTAD had significantly benefited landlocked countries and, through consensus building, ensured that trade facilitation remained relevant in national policy. The need to guarantee sustained support in all these areas of work was widely emphasized. In addition, one delegate emphasized that capacity-building in trade policy and support in terms of tools for international trade negotiations and other training had been remarkable.

Presentation of the activity report of the Division on Technology and Logistics

57. The presentation underlined the importance of trade facilitation and transport as important components of the work of the Trade Logistics Branch, and noted the increasing synergies among the three pillars. She provided a number of examples to illustrate existing synergies between various activities under each pillar and how these activities mutually benefited, supported and fed into one another.

58. The Commission considered the issues of trade facilitation and cross-divisional capacity-building. A presentation on the cross-cutting dimension of the three pillars with respect to trade facilitation and trade logistics provided additional information on recent analytical outputs on maritime transport and trade facilitation bodies, among others, as well as on technical assistance projects including the ASYCUDA, TrainForTrade and port management training programmes.

59. A successful example of cross-divisional cooperation was the UNCTAD Liner Shipping Bilateral Connectivity Index. Building on the Liner Shipping Connectivity Index, intended to provide information about the trade competitiveness of countries in the areas of transport and logistics, the new index was an innovative tool intended to measure bilateral connectivity between pairs of countries. Ensuing discussions underscored that such analytical instruments could prove extremely useful in illuminating the circular relationship between trade competitiveness and transport costs that provided opportunities for better and more informed policy formulation.

Presentation of the activity report of the Special Unit on Commodities

60. The presentation placed particular emphasis on collaborations with other institutions, assisting commodity-dependent developing countries in making the most of their natural resources and enhancing international cooperation to address problems associated with a commodity economy. A number of the challenges raised by the current functioning of commodity markets were in areas of focus of the Special Unit on Commodities in the context of the first pillar, including commodity price volatility, food security, market intelligence and market information systems, challenges facing small-scale producers and coordination among international commodities organizations and other relevant international organizations. These challenges were addressed in different publications of the Unit, notably the *Commodities and Development Report* and its statistical publications, including *The State of Commodity Dependence* and the *Commodities at a Glance* series. The Unit had also undertaken ad hoc studies on traditional and contemporary issues on commodities, and its work had been included in the *World Economic Situation and Prospects Report*. In addition, the Unit had produced a paper on market trends and drivers for consideration by the General Assembly of the United Nations.

61. The second and third pillars were also of importance to the work of the Special Unit on Commodities. The Unit had organized a number of events related to commodities issues, such as the following: Multi-year Expert Meeting on Commodities and Development; Global Commodities Forum; African OilGasMine Conference special event; and Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development. Through these forums, the Unit had helped build consensus among Governments and other commodity stakeholders on key issues related to sustainable commodity management. In addition, the Unit had collaborated with other international commodity institutions to improve global commodity governance, through initiatives such as the Agricultural Market Information System, established by the Group of 20, and UN-Energy. The Unit had also helped to build capacities in key areas related to commodities, through various development account and trust fund projects aimed at improving transparency – for example the market information services provided by Info Comm, Info Share and the Trust Fund Project on Iron Ore Information – and reinforcing capacities in compliance with trade standards and commodity risk management.

62. Recent developments in global commodity markets included those in agricultural commodities and minerals, ores and metals, with an overall downward trend in prices starting in mid-2014 and the beginning of 2015. Commodity prices had been declining since 2011, as a result of factors common to all markets, namely oversupply, global economic slowdown and the strong United States of America dollar. This trend had

generated losses in exports revenues, with adverse impacts on commodity-dependent developing countries. The case of energy was noted with interest, in the context of declining market prices, overproduction and the race to sustain market share by major producers of oil. With regard to the impact of commodity price volatility, UNCTAD studies had shown that in developing and least developed countries, volatility had adverse impacts in terms of food security. Short-term solutions had been proposed, such as food reserves and safety nets for vulnerable sections of the community, while long-term solutions included economic diversification, risk management strategies and increased value addition.

63. The Commission noted that many countries in sub-Saharan Africa were dependent on primary commodities, notably cocoa, coffee and cotton, among others, which made up a significant share of exports earnings. A few panellists and the representative of one regional group emphasized the need to support the smallholder sector of the population, in the context of falling prices. Concerns were expressed by the representative of the regional group about the lack of subsidies in African countries and the consequent unfair competition faced by primary producers. Small farmers were increasingly withdrawing from agricultural production in favour of other sectors, which posed significant risks to the availability of primary commodities such as coffee and cocoa. There was therefore a need to shield primary producers from price volatility in global commodity markets.

64. The Commission discussed exports restriction measures that some commodity-producing countries wished to undertake and the risk that these might create friction and interfere with trade at the global level. In this respect, one delegate noted that, in the context of exports dependence and lack of value addition, exports restrictions might prove effective policy tools for some commodity-producing countries.

65. One delegate stressed that member States needed quick support from UNCTAD to respond to urgent challenges arising in the trade and commodity area. A few regional groups and delegates called for UNCTAD support to facilitate the achievement of the African Free Trade Zone and underscored the role of trade analysis in developing the Pan-African Cotton Road Map. The representative of one regional group raised the concern that commodity-dependent developing countries could lose policy space if the utilization of exports restrictions became more difficult. Exports restrictions were useful for many developing countries that had limited instruments to carry out their development policies. The importance of trade in biofuels was highlighted by a few regional groups and delegations as a topic UNCTAD could consider for its future work.

Presentation of the activity report of the Division on Trade in Goods and Services, and Commodities

66. The presentation focused on ongoing work and methodologies, with an emphasis on delivery structures within the Division and outputs across the pillars in the areas of trade analysis, trade negotiations, sustainable development and competition and the cross-cutting issue of trade and gender. Some delegates thanked the Division for its useful diverse technical assistance, which had had a positive impact in their countries. They noted that such subjects as technology, innovation, scientific research, non-tariff measures, competition policy, services policy and trade policy were all crucial for holistic and sustainable development.

67. One delegate emphasized the importance of work on the services sector, given the growing importance of trade in services and with regional trade agreements increasingly focusing on services, including labour. The emphasis on innovation in the context of Services Policy Reviews was of particular importance for member States. The delegate suggested that UNCTAD should play an important role in the World Summit on the

Information Society, particularly in connection with strengthening online courses for capacity-building in developing countries.

68. Another delegate confirmed that the Services Policy Review undertaken in Paraguay had been helpful, allowing for recognition of the relevance of strengthening the services sector, for instance for exports diversification – the importance of which was amplified for landlocked countries facing high costs for exporting goods – and economic growth. The Services Policy Review had enabled interaction between different stakeholders for the discussion of concrete actions. The delegate stressed that UNCTAD should have sufficient resources to continue providing such technical cooperation. Finally, another delegate requested additional information on the fundraising aspect of the technical assistance activities of the Division.

F. Other business
(Agenda item 7)

69. In view of the upcoming fourteenth session of the United Nations Conference on Trade and Development, the Commission agreed that the agenda of the eighth session of the Commission would be decided upon by the Trade and Development Board upon recommendation of the Bureau of the Board after the Conference.

III. Organizational matters

A. Opening of the session

70. The seventh session of the Trade and Development Commission was opened at the Palais des Nations, Geneva, on 18 May 2015, by Ms. Filloreta Kodra (Albania), Chair of the Commission at its sixth session.

B. Election of officers
(Agenda item 1)

71. At its opening plenary on 18 May 2015, the Commission elected the following officers to serve on its Bureau:

Chair: Mr. Humberto Jimenez Torres (Ecuador)

Vice-Chairs: Mr. Aleksandr Tselyuk (Belarus)
Mr. Thomas Fohgrub (Germany)
Ms. Debora Maria Ponce Ogaldez (Guatemala)
Ms. Remedios Romeo Garcia (Spain)
Mr. Tran Van Son (Viet Nam)

Rapporteur: Mr. Faical Souissi (Morocco)

C. Adoption of the agenda and organization of work

(Agenda item 2)

72. Also at its opening plenary, the Commission adopted its provisional agenda (contained in documents TD/B/C.I/36 and TD/B/C.I/36/Corr.1). The agenda was thus as follows:

1. Election of officers.
2. Adoption of the agenda and organization of work.
3. Reports of expert meetings:
   - (a) Reports of the multi-year expert meetings:
     - (i) Multi-year Expert Meeting on Transport, Trade Logistics and Trade Facilitation;
     - (ii) Multi-year Expert Meeting on Commodities and Development;
     - (iii) Multi-year Expert Meeting on Trade, Services and Development;
     - (iv) Multi-year Expert Meeting on Promoting Economic Integration and Cooperation;
     - (v) Multi-year Expert Meeting on Enhancing the Enabling Environment at All Levels in Support of Inclusive and Sustainable Development.
   - (b) Reports of the single-year expert meetings:
     - (i) Expert Meeting on the Impact of Access to Financial Services, including by Highlighting Remittances on Development: Economic Empowerment of Women and Youth;
     - (ii) Expert Meeting on Social Inclusion Programmes and Their Impact on Sustainable and Inclusive Development and Growth.
   - (c) Report of the Intergovernmental Group of Experts on Competition Law and Policy.
4. Trade development policies and the post-2015 sustainable development agenda.
5. Formulation of national policies in the context of existing regional trade agreements.
6. Progress report on promoting and strengthening synergies among the three pillars.
7. Other business.
8. Adoption of the report of the Commission to the Trade and Development Board.

D. Adoption of the report of the Commission to the Trade and Development Board

(Agenda item 8)

73. At its closing plenary, on 22 May 2015, the Commission authorized the Rapporteur, under the authority of the Chair, to finalize the report after the conclusion of the meeting. The report would be submitted to the Trade and Development Board.

E. Closing plenary

74. It was the understanding of the Chair that member States had viewed the session as constructive and valuable. It was also his understanding that member States had recognized the important work of the Commission in the fulfilment of the mandate of UNCTAD to contribute to the follow-up and implementation of the outcomes of the major United Nations conferences and summits on development, and that they looked forward to continued work in this regard. The Commission adopted the Chair's verbal decision to reflect the consensus of the Commission in the report.

75. One regional group and a few delegations made closing statements.

Annex

Attendance[1]

1. Representatives from the following States members of UNCTAD and members of the Commission attended the session:

Afghanistan
Algeria
Argentina
Austria
Bangladesh
Barbados
Belarus
Bhutan
Brazil
Burkina Faso
Chile
China
Congo
Costa Rica
Côte d'Ivoire
Djibouti
Ecuador
Egypt
Ethiopia
Finland
France
Germany
Ghana
Guatemala
Guinea
Haiti
India
Indonesia
Iran (Islamic Republic of)
Iraq
Italy
Jamaica
Japan
Jordan
Kenya
Malaysia
Morocco
Mozambique
Panama
Peru
Philippines
Poland
Republic of Moldova
Russian Federation
Saudi Arabia
Senegal
Serbia
Spain
Togo
Trinidad and Tobago
Tunisia
United Republic of Tanzania
United States of America
Venezuela (Bolivarian Republic of)
Viet Nam

2. The following Member of the Conference was represented at the session:

Holy See

3. The following intergovernmental organizations were represented at the Commission:

African, Caribbean and Pacific Group of States
African Union
European Union
Organization of Islamic Cooperation
Pacific Islands Forum Secretariat
South Centre

[1] For the list of participants, see TD/B/C.I/INF.7.

4. The following United Nations organs, bodies and programmes were represented at the Commission:

United Nations Entity for Gender Equality and the Empowerment of Women

5. The following specialized agencies and related organizations were represented at the Commission:

International Labour Organization
United Nations Industrial Development Organization
World Trade Organization